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TO : Chief of Logistics
FROM : Chief, Procurement Division
SUBJECT: Weekly Activity Report

DATE: 4 November 1954

I. GENERAL

A. Procurement of Quartz Crystals for OC (Continued item):

Although this item was reported as a completed item in the weekly report of 28 October 1954, it is being reinstated in view of the following;

Several days after bids were opened under the invitation, representatives of the [redacted] low bidder, visited this office for the purpose of requesting withdrawal of their bid or relaxation of the specifications for the crystals. The [redacted] representatives alleged that they had not noticed the special frequency-resistance requirements of the invitation and maintained that the resistance-frequency was not realistic for production. The representatives were informed that the bid was legally binding on both them and the Government, but that they could submit a formal request in writing together with any evidence that they might produce, to show that they submitted their bid in error, for consideration by this office. In this connection, the invitation for bids included in its specifications, a frequency-resistance curve which is more exacting than that in the MIL specifications. This feature of the specifications has been discussed with the second lowest bidder, [redacted] who quoted \$.95 per crystal and that company acknowledged that our specifications were tighter than the Defense (MIL) specifications, but that they could be met by a good producer. Further action concerning award of the contract for this procurement is being withheld pending receipt of letter from [redacted] and decision by the Contracting Officer.

B. Procurement of Plastic from [redacted] (Continued item):

The proposed procurement of 30,000 lbs. of plastic coating, fungicide, type [redacted] has been approved by the PDRC and negotiations are proceeding with [redacted] the sole source of supply for this item.

C. Procurement of Offset Proof Press (New item):

Contract Branch is in receipt of a requisition from TSS, [redacted] for 25X1A procurement of one offset press in the amount of \$8,795.00. This requisition contained instructions that the press was to be procured from [redacted] and that procurement be expedited to permit placing the order within 10 days. In view of the fact that no justification for sole source of procurement accompanied the requisition, action on this requisition is being withheld at the direction of the PDRC pending receipt of adequate justification from the requisitioner.

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D. Status of DP Contracts Obligated under Fiscal Year 1952 Funds
(Continued item):

1. Awaiting Industrial Contract Audit Branch Report:

DP-6
DP-8
DP-15

* Audit was performed in September and ICAB states report is in the process of being written. ICAB anticipated release of the report on 27 October, then 2 November, but have subsequently revised the date to 10 November. Contractor has written letter protesting financial burden caused by "drawn out procedure".

** On 15 July 1954, in a meeting with representatives of the Comptroller's Office, it was agreed that an ICAB auditor would visit this Contractor for discussion on costs. An audit was performed during the week of 6 October on several Research Orders under Contract RD-45 and at the same time ICAB attempted to gather information to be used in the evaluation of the cost breakdown submitted under DP-8. No report has been received. Continued delay is anticipated.

*** Contractor's letter of 30 September 1954 requesting clarification of certain ICAB disallowed costs prior to executing settlement Supplemental Agreement was submitted to ICAB on 8 October 1954. ICAB anticipated release of reply on 25 October, then 29 October but subsequently revised the date to 5 November 1954. Continued delay is anticipated.

2. Awaiting Technical Advice Regarding Reasonableness of Cost of Material and Labor for Disposition of Issues Raised in Audit Report:

DP-13

Audit reports disallowed and/or suspended many items of costs because of inability to review Contractor's records. Formal request to permit visit by our auditors was mailed to the Contractor on 20 August 1954. The company called on 31 August 1954 and indicated our request had just been received and that they would try and make arrangements with their subcontractors to allow audit and would advise. On 20 September 1954 the Contractor advised that his reply would be mailed on 21 September regarding audit. This reply was received on 1 October and indicated that while the prime contractor's books were available for audit any time, no provision was made for subcontractor audits and this could not be permitted. Meeting held 29 October with the Contractor regarding audit of subcontractor. Contractor will advise by letter when audit can be made.

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25X1A5a1

3. Settlement Letter to Contractor:

DP-5 [REDACTED]

Comments were received 7 September questioning amount of royalties allowed. Memo was prepared and is being reviewed, which recommends withholding settlement of the royalty problem until such time as actual royalties are known. The Contractor was contacted and by letter received 1 October gave additional information on the license agreements. Said letter was reviewed and the proposal was sent to the Contractor on 22 October 1954. Contractor has not answered as yet.

4. Audit Report Received - Being Analyzed:

25X1A5a1

DP-14 [REDACTED]

Audit was performed in May 1954 but the report has been delayed for six months by ICAB. Report has now been received on 3 November 1954 and is being reviewed.

5. Settlements Completed:

25X1A5a1

DP-7 [REDACTED]
DP-16 [REDACTED]

E. Source Inspection (continued item):

25X1A5a1

Of the thirteen source inspections made, one facilities report has been submitted and three others on [REDACTED]

25X1A5a1

[REDACTED] are in typing. /

F. Physical Inspection

25X1A5a1

II. ITEMS OF INTEREST

A. Liaison with Commo (continued item):

25X1A9a

The list of projected procurements submitted by MSB/OC was reviewed by Mr. [REDACTED] of the CR&SS with representatives of Commo on 29 October 1954 for the purpose of broadening the number of prospective suppliers for the proposed procurements and reducing the number of proprietary sources. The Commo representatives agreed to review this list and come up with competitive items wherever practicable, however, it appears that there will be a very few items which, as a result of this review, may be procured on a competitive basis in view of Commo's requirements for special equipment.

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B. Liaison with TSS (continued item):

The liaison activities between PD and TSS are continuing to show results and giving the Contract Branch information on projected TSS procurements. This data should prove very valuable in the future for expediting TSS procurement actions.

C.

25X1A1d

D. Procurement Review Committee: (continued)

This Committee held two meetings during each of the following days: 27 October and 2 November. The Committee reviewed a total of seven new cases and one old one at the two meetings held and was able to resolve seven of them. The remaining case has been tabled for review upon receipt of additional information.

25X1A9a

E. Procurement Indoctrination for Mr. [REDACTED] (new and completed)

25X1A9a

On Friday, 29 October, 0845-1050 hours, Mr. [REDACTED] assigned to the IO/BO was given an indoctrination through the Procurement Division.

F. Special Purchase Branch Move to R&S Building: (continued item)

25X1A9a

Mr. [REDACTED] of the RE&C Division has advised that the estimates covering the renovation of the space to be occupied by the Special Purchase Branch in the R&S Building have as yet not been submitted by the PBS.

G. Hydraulic Ram: (new and completed item)

25X1A2g

25X1A2g

[REDACTED] the requesting office had to be contacted for the dimensions and/or drawings to determine the kind of jack with which the ram would be used. It was further discovered that delivery time from the manufacturer would require approximately four weeks. The requisitioning office was requested to extend its deadline date inasmuch as delivery would not be had from the manufacturer in time to meet the originally designated date. Negotiation with the manufacturer enabled this Branch to effect a 25% discount.

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H.

25X1C15a

I. NEA - Stock Items: (new item)

The NEA Division has raised objections to taking household items from stock. This objection is based on the security factor of delivery. The Supply Division is negotiating with the NEA Division to effect a resolution. In the event the objection cannot be resolved an added burden will be placed on the Special Purchase Branch if all household items are to be procured on an individual and deadline basis.

25X1C10b

25X1A9a